

House Bill 456

By: Representative Tankersley of the 160<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

To amend Article 1 of Chapter 81 of Title 36 of the Official Code of Georgia Annotated, relating to local government budgets and audits, so as to increase the expenditure amount for which a local government may elect an annual report in lieu of a biennial audit; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

Article 1 of Chapter 81 of Title 36 of the Official Code of Georgia Annotated, relating to local government budgets and audits, is amended by revising subsection (a) of Code Section 36-81-7, relating to requirement of audits, conduct of audits, audit reports, forwarding of audits to state auditor, failure to file or correct deficiencies, and public inspection, as follows:

"(a)(1) Beginning with the local government fiscal year which ends between July 1, 1994, and June 30, 1995, the governing authority of each unit of local government having a population in excess of 1,500 persons according to the latest estimate of population by the United States Bureau of the Census or its successor agency or expenditures of ~~\$300,000.00~~ \$550,000.00 or more shall provide for and cause to be made an annual audit of the financial affairs and transactions of all funds and activities of the local government for each fiscal year of the local government.

(2) The governing authority of each local unit of government not included in paragraph (1) of this subsection shall provide for and cause to be made the audit required pursuant to paragraph (1) of this subsection not less often than once every two fiscal years. Audits performed pursuant to this paragraph shall be for both fiscal years.

(3) The governing authority of each local unit of government having expenditures of less than ~~\$300,000.00~~ \$550,000.00 in that government's most recently ended fiscal year may elect to provide for and cause to be made, in lieu of the biennial audit otherwise required under paragraph (2) of this subsection, an annual report of agreed upon procedures for that fiscal year. The agreed upon procedures shall include as a minimum: proof and

reconciliation of cash, confirmation of cash balances, a listing of bank balances by bank, a statement of cash receipts and cash disbursements, a review of compliance with state law, and a report of agreed upon procedures. This agreed upon procedures report shall be in a format prescribed by the state auditor and shall constitute an annual audit report for purposes of and within the meaning of the requirements of subsections (d) through (g) of this Code section. The Department of Community Affairs is authorized to assist requesting local governments in preparing agreed upon procedures reports required under this paragraph and in establishing record-keeping procedures needed in preparing those reports and is further authorized to charge those local governments reasonable fees for that assistance. To the extent that the state auditor is able to perform the agreed upon procedures, the governing body may contract with the state auditor.

(4) At the option of the governing authority, an audit may be made at a lesser interval than one year."

## **SECTION 2.**

All laws and parts of laws in conflict with this Act are repealed.